

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2013-298-E - ORDER NO. 2020-831  
DECEMBER 18, 2020

IN RE:	Application of Duke Energy Carolinas, LLC	)	ORDER APPROVING
	for Approval of New Cost Recovery	)	MODIFICATIONS TO
	Mechanism and Portfolio of Demand-Side	)	BRING YOUR OWN
	Management and Energy Efficiency Programs	)	THERMOSTAT (BYOT)
		)	PROGRAM

This matter comes before the Public Service Commission of South Carolina (“the Commission”) on the request of Duke Energy Carolinas, LLC (“DEC,” “Company” or “the Utility”) to modify its Bring Your Own Thermostat Program (“BYOT”), filed on October 2, 2020. According to DEC, the modifications would (a) add a winter component to the BYOT Program, (b) provide an increased incentive for initial enrollees to attract customers to the BYOT program ahead of the 2020-2021 winter season, (c) provide financial assistance to residential customers who may be struggling due to the COVID-19 pandemic, and (d) potentially serve as a means to help customers that are behind on their electric bills.

The BYOT Program is administered through the “RIDER PM (SC), POWER MANAGER LOAD CONTROL SERVICE” tariff on file with the Commission which was originally included as part of the Company’s initial suite of demand side management and energy efficiency (“EE/DSM”) programs approved by Order No. 2009-336 in Docket No. 2009-166-E (then referred to as the Power Manager program). This program enabled residential customers to receive a credit in exchange for allowing the Company to interrupt

service to their central air conditioning systems during times of peak summer demand. The BYOT Program, approved in Order No. 2018-180, permitted the Company to add eligible thermostats and incentives to the program, and permitted the Company to offer the payment of incentives through various methods.

The Company now seeks to modify the BYOT Program to provide for the addition of a winter-focused load control component and to suspend new enrollments in the existing summer-only smart thermostat option after December 31, 2020. The Company states it is requesting these modifications in recognition of the increased need for load control and peak demand reductions during the winter. The new component is “winter-focused” because, while the tariff contemplates that a majority of the Company’s load interruption events will occur during the winter season, the BYOT Program will continue to permit the Company to interrupt service to cooling systems during summer months.

Energy efficiency programs fall under the authority of S.C. Code Ann. §58-37-20 (2015). This provision states:

The South Carolina Public Service Commission may adopt procedures that encourage electrical utilities and public utilities providing gas services subject to the jurisdiction of the commission to invest in cost-effective energy efficient technologies and energy conservation programs. If adopted, these procedures must: provide incentives and cost recovery for energy suppliers and distributors who invest in energy supply and end-use technologies that are cost-effective, environmentally acceptable, and reduce energy consumption or demand; allow energy suppliers and distributors to recover costs and obtain a reasonable rate of return on their investment in qualified demand-side management programs sufficient to make these programs at least as financially attractive as construction of new generating facilities; require the Public Service Commission to establish rates and charges that ensure that the net income of an electrical or gas utility regulated by the commission after implementation of specific cost-effective energy conservation measures is at least as high as the net income would have been if the energy conservation measures had not been implemented.

For purposes of this section only, the term "demand-side activity" means a program conducted by an electrical utility or public utility providing gas services for the reduction or more efficient use of energy requirements of the utility or its customers including, but not limited to, utility transmission and distribution system efficiency, customer conservation and efficiency, load management, cogeneration, and renewable energy technologies.

S.C. Code Ann. § 58-37-20 (2015).

According to DEC's Application, to acquire customers for the 2020-2021 winter season and to provide assistance to customers struggling as a result of the COVID-19 pandemic, the Company is also proposing that winter participants receive an initial program incentive of \$90 through December 31, 2020. After that date, new participants will receive an initial program incentive of \$75. The incentive will be provided to customers in the form of an electronic debit card that can be used for bill payments or other purchases.

The program modifications are estimated to produce the cost effectiveness scores provided in the following table:<sup>1</sup>

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<sup>1</sup> The Utility Cost Test determines whether a DSM program or portfolio is cost effective. It measures the benefits of a program or portfolio of programs with respect to the cost of achieving those benefits.

The Total Resource Cost Test measures the net costs of a demand-side management program as a resource option based on the total costs of the program, including both the participants' and the utility's costs.

Ratepayer impact measure test is an economic test used to compare the present value of the benefits to the present value of the costs over the useful life of an energy efficiency measure or program from a rate level or utility bill perspective.

The Participant Test measures benefits and costs to customers participating in demand-side management (DSM) programs. The test compares bill savings against incremental costs of the efficient equipment. It measures a program's economic attractiveness to customers, and can be used to set rebate levels and forecast participation.

Higher scores indicate better performance, especially for values greater than 1.

Cost Effectiveness Test	Anticipated Cost Effectiveness Results
Utility Cost Test (UCT)	1.90
Total Resource Cost Test (TRC)	3.10
Rate Impact Measure Test (RIM)	1.90
Participant Test	N/A

DEC states tariff modifications also include standard tax and fee language and standard language permitting the Company to retain program benefits. See Order No. 2016-872 at 4, Docket No. 2013-298-E (Dec. 20, 2016). Upon Commission approval of these program modifications, the Company will file a compliance tariff with the Commission's E-Tariff System and continue to recover program costs through the Company's energy efficiency and demand side management ("EE/DSM") rates in accordance with the approved EE/DSM cost recovery mechanism.

After a thorough review of the proposed tariff modifications, it is reasonable for the Commission to approve the modifications. The increased need for load control and peak demand reductions during the winter as described by the Company is justification for the proposed changes. This Commission notes that although the majority of load control interruptions are likely to be in the winter, the modified tariff would still allow such interruptions in the summer, if appropriate. The Company is also offering incentives that this Commission believes would be attractive to ratepayers, including incentive payments and financial assistance to residential customers who may be struggling due to the COVID-19 pandemic.

## FINDINGS OF FACT

1. The Company seeks modifications to its Bring Your Own Thermostat Program.

2. The Company's modifications are to provide for the addition of a winter-focused load control component and to suspend new enrollments in the existing summer-only smart thermostat option after December 31, 2020.

3. The modifications include winter load control measures anticipating a majority of the Company's load interruption events will occur during the winter season; however, the Program does continue to allow, and does not exclude, load control interruptions during the summer as the BYOT Program will continue to permit the Company to interrupt service to cooling systems during summer months.

4. The justification for the proposed changes to the Program is the increased need for load control and peak demand reductions during the winter as described by the Company.

5. The Program provides incentives to electric customers, including monetary incentives.

6. The Program provides financial assistance to residential ratepayers who may be struggling due to COVID-19, and who may be behind on their electric bills.

7. The modifications to the Program produce reasonable cost effectiveness scores, as measured by the Utility Cost Test, the Total Resource Cost Test, and the Rate Impact Measure Test.

### **CONCLUSIONS OF LAW**

1. The modifications to the BYOT Program constitute one of the cost-effective energy efficient technologies and energy conservation programs described in S.C. Code Ann. Section 58-37-20.

2. The BYOT Program is administered through the “RIDER PM (SC), POWER MANAGER LOAD CONTROL SERVICE” tariff on file with the Commission which was originally included as part of the Company’s initial suite of demand side management and energy efficiency (“EE/DSM”) programs approved by Order No. 2009-336 in Docket No. 2009-166-E (then referred to as the Power Manager program).

### **ORDERING PROVISIONS**

1. The modifications to DEC’s Bring Your Own Thermostat Program are approved.


2. The Company shall file a compliance tariff with the Commission’s E-Tariff System within ten (10) days of receipt of this Order.

3. The Company shall continue to recover program costs through the Company’s energy efficiency and demand side management (“EE/DSM”) rates in accordance with the approved EE/DSM cost recovery mechanism.

4. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



  
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Florence P. Belser, Vice Chairman  
Public Service Commission of  
South Carolina